

FORTY-THIRD JUDICIAL DISTRICT

HAZEL PARK DIVISION

STATE OF MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name 43RD JUDICIAL DISTRICT, HAZEL PARK DIV	County OAKLAND
Audit Date JUNE 30, 2004	Opinion Date SEPTEMBER 9, 2004	Date Accountant Report Submitted to State: SEPTEMBER 21, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

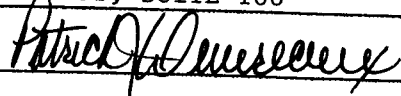
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) YOUNGBLOOD & DEVEREAUX, P.C.			
Street Address 225 SOUTH TROY, SUITE 100	City ROYAL OAK	State MI	ZIP 48067
Accountant Signature 			

FORTY-THIRD JUDICIAL DISTRICT
HAZEL PARK DIVISION
STATE OF MICHIGAN

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

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YOUNGBLOOD & DEVEREAUX, P.C.
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OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Judge Keith P. Hunt
District Court Judge
Forty-Third Judicial District
Hazel Park Division
State of Michigan

We have audited the financial statements of the Forty-Third Judicial District, Hazel Park Division, State of Michigan, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the administration of the Forty-Third Judicial District, Hazel Park Division, State of Michigan. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with accounting standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the administration, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Forty-Third Judicial District, Hazel Park Division, State of Michigan as of June 30, 2004 and 2003, and the receipts it received and distributions it paid for the years then ended, on the basis of accounting described in Note 1.

Youngblood & Devereaux, P.C.

September 9, 2004

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Combined Statement of Assets and Liabilities
June 30, 2004 and 2003

ASSETS

	<u>2004</u>	<u>2003</u>
Checking account - General Account	\$ 20,590	\$ 26,938
Money market savings account - General Account	135,260	148,958
Petty cash - General Account	100	100
Checking account - Bond Trust Account	37,178	74,680
Due from City of Hazel Park - General Account	<u>58</u>	<u>138</u>
Total Assets	<u><u>\$ 193,186</u></u>	<u><u>\$ 250,814</u></u>

LIABILITIES

Due to City of Hazel Park - General Account	\$ 113,740	\$ 130,940
Due to State of Michigan - General Account	38,606	37,399
Due to Judges' Retirement System - General Account	-	1,950
Due to Oakland County - General Account	3,662	5,845
Bonds posted	<u>37,178</u>	<u>74,680</u>
Total Liabilities	<u><u>\$ 193,186</u></u>	<u><u>\$ 250,814</u></u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Statement of Activity - General Account
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash balance - July 1	\$ 175,996	\$ 122,647
Receipts - page 3	<u>2,000,771</u>	<u>1,842,239</u>
Total Beginning Cash and Receipts	\$ 2,176,767	\$ 1,964,886
Distributions:		
City of Hazel Park	\$ 1,499,165	\$ 1,322,828
Oakland County (penal fines and motor carrier fees)	49,635	51,675
State of Michigan (Crime Victims' Rights Fund fees)	25,592	20,057
State of Michigan (state judgment fees)	18,743	47,343
State of Michigan (clearance fees)	27,195	25,050
State of Michigan (Michigan Justice Training Fund fees)	13,925	44,345
State of Michigan (Act 154 fees)	13,925	44,345
State of Michigan (Dispute Fund fees)	1,476	3,568
Judges' Retirement System (portion of civil filing fees and judgment fees)	8,590	21,746
State of Michigan (Secondary Road Patrol and Training Fund fees)	27,635	87,015
State of Michigan (State Court Fund fees)	26,626	66,686
State of Michigan (Jail Reimbursement fees)	13,705	42,645
State of Michigan (Juror Compensation Reimbursement fees)	27,355	12,300
State of Michigan (Civil Filing Fund fees)	38,625	-
State of Michigan (Justice Fund fees)	<u>228,499</u>	<u>-</u>
Total Distributions	<u>\$ 2,020,691</u>	<u>\$ 1,789,603</u>
Cash Balance Before Other Receipts (Distributions)	\$ 156,076	\$ 175,283
Other Receipts (Distributions):		
Cash over (short)	\$ 36	\$ 17
Transfers and prior year corrections - net	(45)	(10)
Transfer bank interest	(1,491)	(669)
Reimbursed bank fees	<u>1,374</u>	<u>1,375</u>
Total Other Receipts (Distributions)	<u>\$ (126)</u>	<u>\$ 713</u>
Cash Balance - June 30	<u>\$ 155,950</u>	<u>\$ 175,996</u>
Checking account	\$ 20,590	\$ 26,938
Money market savings account	135,260	148,958
Petty cash	<u>100</u>	<u>100</u>
	<u>\$ 155,950</u>	<u>\$ 175,996</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Statement of Receipts - General Account
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Receipts (Ordinance):		
Penal fines		
Penal costs	\$ 27,674	\$ 33,803
Ordinance fines and costs	49,741	55,454
Crime Victims' Rights Fund fees	1,133,276	1,037,523
Judgment fees	28,785	22,556
Bond forfeitures	25,434	94,986
Parking fines	25,580	33,940
Bond costs	31,933	29,290
Attorney fees	-	100
Probation fees	23,695	21,354
Clearance fees	30,375	27,128
Michigan Justice Training Fund fees	79,560	62,160
Jail reimbursement fees	9,845	44,850
Assessment fees	265,238	43,500
Pre-sentence fees	6,321	6,659
Act 154 fees	4,510	3,559
Secondary Road Patrol and Training Fund fees	9,845	44,850
Motor carrier - misdemeanor	19,520	88,365
Motor carrier fees	30,661	27,113
BW service	65,927	64,642
	<u>8,340</u>	<u>9,250</u>
Total Receipts (Ordinance)	\$ 1,876,260	\$ 1,751,082
Receipts (Civil):		
Civil filing fees	\$ 94,862	\$ 63,371
Garnishment, writs and subpoena fees	25,230	22,305
Marriage fees	20	20
Jury fees	850	550
Dispute Fund fees	1,152	3,560
Miscellaneous	2,246	1,965
Interest income	1,445	811
Bank fees	<u>(1,294)</u>	<u>(1,425)</u>
Total Receipts (Civil)	\$ 124,511	\$ 91,157
Total Receipts	<u>\$ 2,000,771</u>	<u>\$ 1,842,239</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Statement of Activity - Bond Trust Account
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash balance - July 1	\$ 74,680	\$ 43,395
Receipts:		
Bonds posted	<u>296,835</u>	<u>363,514</u>
Total Beginning Cash and Receipts	\$ 371,515	\$ 406,909
Distributions:		
Bonds forfeited	\$ 25,580	\$ 33,890
Bonds refunded	96,642	94,538
Bonds used to pay fines and fees	170,324	148,249
Transfer to other accounts	<u>41,791</u>	<u>55,552</u>
Total Distributions	<u>\$ 334,337</u>	<u>\$ 332,229</u>
Cash balance - June 30	<u>\$ 37,178</u>	<u>\$ 74,680</u>
Checking account	<u>\$ 37,178</u>	<u>\$ 74,680</u>

The accompanying Notes to the Financial Statements
are an integral part of these statements

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Notes to the Financial Statements
June 30, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Court functions as a Trust and Agency Fund. The money that it receives is held only until it is turned over to other governmental agencies or returned to individuals from whom it was collected.

Accounting Method

The Court records financial transactions using the cash basis of accounting. Receipts are recorded when actually received and distributions are recorded when actually paid out.

Cash Balances

The Court maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Court has not experienced any losses in these accounts nor does it believe it is exposed to any significant credit risk because of these balances.

2. GENERAL ACCOUNT

	<u>2004</u>	<u>2003</u>
Money market savings account – 1.05% (1.20%)	<u>\$ 135,260</u>	<u>\$ 148,958</u>

The General Account records the receipt and distribution of criminal, ordinance, and civil fines and fees. The distributions are made in accordance with allocations determined by the State Supreme Court Administrative Office. For the current fiscal year the allocations were changed as of October 1, 2003 which means the distributions were done one way for three months and another way for nine months.

For the period July 1, 2003 through September 30, 2003:

Judges Retirement System 14-30% of civil filing fees

5% of criminal judgment fees

State of Michigan 100% of Michigan Justice Training Fund fees, Act 154 fees, Dispute Fund fees, Secondary Road Patrol and Training Fund fees, Jail Reimbursement fees
95% of criminal judgment fees
90% of Crime Victims' Rights Fund fees
67% of clearance fees
33-64% of civil filing fees
20% civil jury demand fees

Oakland County 100% of penal fines and state bond forfeitures
30% of motor carrier fees

City of Hazel Park 100% of remainder

Beginning October 1, 2003, various fees were increased and consolidated under new titles. The new allocations are as follows:

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Notes to the Financial Statements
(continued)
June 30, 2004 and 2003

2. GENERAL ACCOUNT (continued)

State of Michigan	Various portions of civil filing fees - \$14, \$28, \$42, or \$119 depending on the claim One-half civil motion fees 100% of judgment fees 100% of the Justice System fees - \$10, \$40, or \$45 per offense depending on the type or seriousness 20% of demand for jury fees One-third of clearance fees 90% of Crime Victims Rights Fund
State of Michigan - Secretary of the State	One-third of clearance fees
County	100% of penal fines 30% of motor carrier fees
City of Hazel Park	100% of remainder

3. BOND TRUST ACCOUNT

The Bond Trust Account records the receipt and distribution of bond money. Bonds are disposed of according to the Court's direction which can mean, (a) the bond is refunded to the person who posted it; (b) the bond is turned over to the City of Hazel Park either as a forfeiture or fine and cost; (c) the bond is sent to another jurisdiction if the case is being transferred there or; (d) the bond is used to pay restitution.

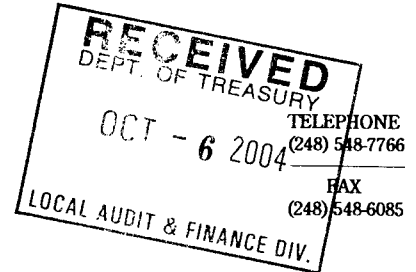
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Honorable Judge Keith P. Hunt
District Court Judge
Forty-Third Judicial District
Hazel Park Division
43 East Nine Mile Road
Hazel Park, MI 48030

Re: Report of Comments and Recommendations

Dear Judge Hunt:

We recently completed an examination of the financial statements of the various accounts of the Forty-Third Judicial District, Hazel Park Division, State of Michigan for the year ended June 30, 2004, for the purpose of expressing our opinion on such statements. The nature and scope of such an examination does not contemplate a detailed review of systems and procedures, nor was one made in the present instance. However, during our examination, we observed certain accounting and administrative areas where we believe a comment is appropriate. These comments can be found on the attached page.

We wish to thank the personnel of the Court for their excellent cooperation with our firm during the course of the examination of the Court's records.

Very truly yours,

YOUNGBLOOD & DEVEREAUX, P.C.

A handwritten signature in black ink, appearing to read "Patrick J. Devereaux".

Patrick J. Devereaux
Certified Public Accountant

September 9, 2004

cc: Treasurer, State of Michigan
Local Audit Division

FORTY-THIRD JUDICIAL DISTRICT
Hazel Park Division
State of Michigan
Comments and Recommendations
June 30, 2004

BONDS

The bonds are reconciled with the cash monthly using the Court's bond accounting program. Accurate bond information is now readily available on a monthly basis

TRAFFIC/PARKING TICKETS AND RECEIPTS

The control of traffic/parking tickets continues to be very good. I had no trouble finding the tickets I needed for my testing. The tickets I did look at all seemed to be properly documented making it easy to follow them through the accounting system.

OLD BONDS

There is only one outstanding bond that goes back prior to 2004. The Court's staff has been trying to contact the person to come in for a refund.